

National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428
www.ncua.gov

Media Contact: NCUA Office of
Public & Congressional Affairs
Phone: (703) 518-6330
Email: pacamail@ncua.gov



NCUA Media Advisory

Matz Calls for Exemptions in Fed Interchange Rulemaking

Cites Need to Protect Small Institutions

February 16, 2011, Alexandria, Va. -- NCUA Chairman Debbie Matz today called upon the Federal Reserve to craft a debit card interchange rule that reflects Dodd-Frank Act language addressing small institution pricing issues.

In a February 16 letter to Federal Reserve Chairman Ben Bernanke, Matz calls for the regulation implementing the statutory interchange provision to contain “meaningful exemptions for smaller card issuers.” Matz added, “The Act explicitly exempts card issuers with total assets under \$10 billion from any interchange fee regulation. In addition to exempting small issuers from the fee limits, I believe it is important that small issuers be exempted from requirements related to network exclusivity and routing restrictions. Such action would be consistent with the exemption from the interchange transaction fee rulemaking, which is intended to shield smaller institutions from the costs of the Act.”

The Dodd-Frank Act requires the Federal Reserve to consult with NCUA and other financial institution regulators in formulating the new rules governing debit card interchange transactions.

In the letter, Matz also notes that “[s]eventeen percent or nearly 1,000 federally insured credit unions offering ATM/Debit card services possess total assets of less than \$10 million, and more than 3,000 (59%) possess total assets less than \$50 million. The current rule’s prohibitions against network exclusivity and merchant routing restrictions could significantly increase both fixed and variable costs for these small institutions, resulting in an inability to remain competitive with larger card issuers.”

The new rule will take effect in July. [Click here for a full copy of the letter.](#)

NCUA is the independent federal agency that regulates, charters and supervises federal credit unions. With the backing of the full faith and credit of the U.S.

government, NCUA operates and manages the National Credit Union Share Insurance Fund, insuring the deposits of over 90 million account holders in all federal credit unions and the overwhelming majority of state-chartered credit unions.

- NCUA -